

G-012/CI-89-904INITIATING AN INFORMAL INVESTIGATION OF WESTERN GAS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of the Petition of the Department
of Public Services for an Investigation of
Western Gas Utilities, Inc.

ISSUE DATE: November 29, 1989

DOCKET NO. G-012/CI-89-904

ORDER INITIATING AN INFORMAL
INVESTIGATION OF WESTERN GAS

PROCEDURAL HISTORY

On April 7, 1989, the Department of Public Service (the Department) filed a Petition with the Commission requesting that the Commission order an investigation of Western Gas (the Company). The Department described five problem areas that needed investigation: adequacy of the Company's gas supply, purchased gas adjustment (PGA) filings, the Company's request for a variance to include third-party gas costs in its PGA, its relationship to its parent company and the determination of correct billing amounts. The Department's concerns rose out of its review of three dockets related to the Company: In the Matter of the Review of 1989 Automatic Adjustment of Charges for All Gas and Electric Utilities, Docket No. G-012/AA-89-33; In the Matter of the Petition of Western Gas Utilities, Inc. to Decrease its Level of Constant Demand by 149 Mcf, Docket No. G-012/M-87-847; and In the Matter of a Request by Western Gas Utilities, Inc. for an Extension of a Variance to Pass Through Third-Party Gas Costs, Docket No. G-012/M-89-55.

On September 28, 1989, the Department amended its Petition, reducing the number of its concerns to three: whether the Company had an adequate supply of gas for the coming heating season, whether the rates of the Company's suppliers, Northern Natural Gas (NNG) and U.S. Gas, were significantly different enough over the past year to warrant an immediate refund, and whether the Company should be required to clarify its relationship with its parent company, Natrogas.

FINDINGS AND CONCLUSIONS

The Commission has general authority, upon complaint or its own initiative, to investigate and examine the condition and operation of any public utility whenever it deems it necessary in the performance of its duties. Minn. Stat. § 216B.14. The Department has raised serious issues regarding the Company's "condition and operation". Moreover, the Commission finds that despite progress in resolving some of these concerns, the Company has left several important concerns unresolved. The Commission finds that these concerns are sufficient gravity to warrant an investigation as authorized by Minn. Stat. § 216B.14.

The Commission believes, however, that a formal investigation at the start of a new heating season could overly burden this relatively small company, which needs to focus on its operations for the good of its customers. At the same time, both the Department and the Company indicate that an alternate, more informal approach will be productive. In these circumstances, the Commission is persuaded that an informal investigation into these matters may be more productive than a formal investigation and will so order.

ORDER

1. An informal investigation of Western Gas Utilities, Inc. in the following regards is hereby initiated:
 - (a) whether the Company's current and future gas supplies are adequate to meet the needs of its growing customer base;
 - (b) whether the rates the Company was charged by its suppliers, Northern Natural Gas and U.S. Gas, varied from those the Company charged its customers significantly enough to require a refund; and
 - (c) whether the Company's relationship with its parent company, NatroGas, Inc., comports with Commission requirements.
2. Within 60 days of the issue date of this order, the Company shall meet with Commission and Department staff and the parties shall proceed to address these three areas of concern expeditiously and in a spirit of cooperation;

3. The Department shall file a report upon completion of the informal investigation. The Department's report shall include the following information:
 - (a) the resolution status of the identified issues;
 - (b) whether other issues were identified in the course of the informal investigation that merit the Commission's attention; and
 - (c) its recommendations for Commission action with respect to all such issues.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Lee Larson
Acting Executive Secretary

(S E A L)